

PUBLIC DISCLOSURE

FEBRUARY 23, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WORONOCO SAVINGS BANK

31 COURT STREET
WESTFIELD, MASSACHUSETTS 01086

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MASSACHUSETTS 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **WORONOCO SAVINGS BANK** (the "Bank") prepared by the Division, the institution's supervisory agency, as of **February 23, 2004**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory"

The Bank's overall CRA performance reflects the degree of its commitment in helping to meet the credit needs of its assessment area. The Bank was evaluated according to the CRA Large Institution Examination Procedures, involving three tests, namely the Lending Test, the Investment Test and the Service Test. These tests were conducted to determine the Bank's overall CRA performance rating for calendar years 2002 and 2003.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **WORONOCO SAVINGS BANK, WESTFIELD, MASSACHUSETTS**, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Woronoco Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Woronoco Savings Bank is a state-chartered financial institution headquartered in Westfield, Massachusetts. The Bank is a wholly owned subsidiary of Woronoco Bancorp, Inc, a bank holding company. The Bank has nine full-service branch offices, including the main office. These branch offices are located in the following municipalities: Westfield (2); Chicopee; East Longmeadow; Feeding Hills; Ludlow; Southwick (2), all of which are located in Hampden County. The ninth branch is located in South Hadley, which is part of Hampshire County. The home office is located in a moderate-income tract, four branch offices are located in middle-income census tracts, and four branch offices are located in upper-income tracts.

As of December 31, 2003, the Bank had total assets of \$796.2 million. Total loans, as of the date of the examination, were \$501.2 million. Total loans-to-assets was 63.0 percent. The Bank is primarily a mortgage lender with loans secured by residential properties accounting for \$365.0 million, or 74.1 percent of the total loan portfolio. Loans secured by non-farm, nonresidential properties account for \$52.5 million, or 10.6 percent of the loan portfolio. Loans on multi-family (5 or more units) residential properties account for \$36.2 million, or 7.3 percent. The remaining portfolio is comprised of construction and land development loans, consumer loans, and commercial and industrial loans, each accounting for less than 5 percent of the total loan portfolio.

An analysis of the Bank's loan-to-assets was conducted. The Bank's Federal Financial Institutions Examination Council (FFIEC) Call Reports and UBPR data were utilized to determine the average loan-to-asset ratio for the last eight quarterly time periods beginning March 31, 2002, and ending December 31, 2003. The data indicated that the net loan-to-asset ratio averaged 63.4 percent for that period. As of December 31, 2003, the net loan-to-asset ratio stood at 62.5 percent. The net loan-to-deposit ratio for the last eight quarterly time periods averaged 117.4 percent. As of December 31, 2003, the net loan-to-deposit ratio stood at 116.1 percent. The excess of loan-to-deposits is explained by the Bank's support of community credit needs through the use of Federal Home Loan Bank (FHLB) borrowing.

The Bank's assets increased more than 12.0% between March 31, 2002 and December 31, 2003. An increase in deposits of 10.6% occurred during the same period.

The Bank actively sells residential mortgages in the secondary mortgage market, but retains the servicing rights. Participation in the secondary mortgage market allows the Bank to offer a variety of fixed-rate and adjustable-rate mortgage loan products. Primarily, the Bank sells fixed-rate mortgages to the Federal Home Loan Mortgage Corporation (Freddie Mac). During calendar year 2002, the Bank sold 250 loans to Freddie Mac totaling \$30.7 million. During 2003, the Bank sold 321 loans to Freddie Mac totaling \$39.2 million. In addition, the Bank participates in Mass Housing and Federal Housing Administration (FHA) loan programs. Subsequently, the Bank's loan portfolio grew by more than 11 percent during this period with an emphasis on real estate and nonfarm nonresidential lending.

DESCRIPTION OF INSTITUTION (CONTINUED)

The Bank has a CRA Committee that meets three times a year. The responsibilities of the committee include reviewing and overseeing the Bank's efforts in complying with the letter and the spirit of the Community Reinvestment Act.

The Division and the Federal Deposit Insurance Corporation (FDIC) conducted concurrent examinations for compliance with CRA at the Bank on September 10, 2001. Both examinations utilized the Large Bank CRA procedures. The Bank received a CRA rating of "High Satisfactory" from the Division and a CRA rating of "Satisfactory" from the FDIC.

Based upon the Bank's financial condition, size, product offerings, and branch network, the Bank's ability to meet community credit needs is considered strong. There are no apparent financial or legal impediments that would limit the Bank's ability to help meet credit needs within the assessment area.

DESCRIPTION OF ASSESSMENT AREA

The Bank has defined an assessment area in accordance with the requirements of CRA. CRA requires financial institutions to identify an assessment area in which they intend to focus their lending efforts, and in which regulators will evaluate the financial institution's CRA performance. The Bank has defined its assessment area as the municipalities of Westfield, Agawam, Blanford, Chester, Chicopee, East Longmeadow, Granby, Granville, Hampden, Holyoke, Huntington, Ludlow, Montgomery, Russell, South Hadley, Southampton, Springfield, Tolland, West Springfield, and Wilbraham, all of which are located within the Springfield Metropolitan Statistical Area (MSA).

In December 2002, due to limited activity, the Bank closed all branches located in supermarkets. Included were supermarket branches in Amherst (in a low-income census tract) and West Springfield (in a moderate-income census tract). In February 2003, another supermarket branch closed in a middle-income census tract in Springfield. The last supermarket branch, located in a middle-income census tract in South Hadley, closed in September 2003. A new branch was opened in Chicopee in October 2003, approximately 2 miles from the South Hadley location. As a consequence of the Amherst branch closing, the Bank omitted the Towns of Amherst and Hadley from the assessment area.

Demographic and Economic Data

Assessment Area 2002

The assessment area is comprised of 90 census tracts, 88 of which are broken down by the four geographic income categories of low-, moderate-, middle- and upper-income. The assessment area contains 12 low-income census tracts, 13 moderate-income census tracts, 45 middle-income census tracts, and 18 upper-income census tracts. There are 2 tracts with no income designation. The City of Springfield is the single municipality with the most tracts, including 8 of the 12 low-income tracts and 8 of the 13 moderate-income tracts. Four low-income tracts are located in Holyoke. The remaining moderate-income tracts are located in Chicopee (2) and 1 each in Holyoke, Westfield and West Springfield. The census tracts with no income designation are located in Springfield, in the City's commercial center, and in Chicopee, a tract comprised of Westover industrial parks and air base.

Demographic data obtained from CRA Wiz, based on 1990 census data, indicates that the Bank's assessment area contains a total population of 456,456 individuals. There are 178,822 housing units within the assessment area. Owner-occupied housing units represent 57.2 percent of the total units and vacant housing units represent 5.3 percent. Of the 169,001 households, 12.4 percent are below the poverty level.

The following table provides demographic and economic information pertaining to the Bank's assessment area:

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	13.3	10.2	10.5	2.0	22.5	16.5	\$84,662
Moderate	14.5	12.6	12.8	7.2	20.8	17.7	\$93,500
Middle	50.0	56.9	56.8	61.7	49.8	52.6	\$116,646
Upper	20.0	20.3	19.9	29.1	6.9	13.1	\$164,413
NA	2.2	0.0	0.0	0.0	0.0	0.0	0
Total	100.0	100.0	100.0	100.0	100.0	100.0	\$129,996

Source: 1990 U. S. Census

Assessment Area 2003

The assessment area is comprised of 93 census tracts. The assessment area contains 17 low-income census tracts, 18 moderate-income census tracts, 37 middle-income census tracts, and 21 upper-income census tracts. The City of Springfield contains the most tracts, including 13 of the 17 low-income tracts and 8 of the 18 moderate-income tracts. The 4 remaining low-income tracts are located in Holyoke. The remaining moderate-

income tracts are located in Chicopee (4), Holyoke (3), and 1 each in Ludlow, Westfield, and West Springfield.

Assessment Area 2003 (continued)

Demographic data obtained from CRA Wiz, based on 2000 census data, indicates that the Bank's assessment area contains a total population of 456,604 individuals. There are 184,856 housing units within the assessment area. Owner-occupied housing units represent 58.8 percent of the total units and vacant housing units represent 5.3 percent. Of the 175,283 households, 14.0 percent are below the poverty level.

The following table provides demographic and economic information pertaining to the Bank's assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner- Occupied	Rental Units	Vacant Units	
Low	18.3	12.1	12.8	3.5	26.3	24.7	\$76,310
Moderate	19.3	21.2	21.5	14.3	32.4	29.0	\$90,242
Middle	39.8	43.8	43.3	50.3	33.0	34.3	\$108,074
Upper	22.6	22.9	22.4	31.9	8.3	12.0	\$161,160
Total	100.0	100.0	100.0	100.0	100.0	100.0	\$123,813

Source: 2000 U. S. Census

The assessment area's largest employers include Mass Mutual Life Insurance Company with 9,000 employees, Big Y Food, Incorporated with 8,500 employees, and Baystate Medical Center with 6,000 employees. The assessment area is home to a number of universities and colleges, including Mount Holyoke in South Hadley, Springfield College in Springfield, and Westfield State College in Westfield.

According to the 2003 Business Geodemographic Data compiled by CRA Wiz, there are more than 22,842 business establishments that operate within the assessment area. These businesses are heavily concentrated in the service and retail trade industries. The majority of these businesses (63.9 percent) have gross annual revenues under \$1 million.

The market in which the Bank operates is highly competitive. Based on the 2002 Home Mortgage Disclosure Act (HMDA) aggregate data, there were 351 HMDA reporters that originated at least one home mortgage loan in the Bank's assessment area. Competitors include local and regional banks such as Fleet National Bank; and Charter One Bank, N.A., and large national mortgage companies such as Countrywide Home Loans and Wells Fargo Home Mortgage. Competition is also strong among local banks such as United Co-operative Bank; Westbank; and PeoplesBank.

Community Contact

As part of the evaluation procedures, community contacts are conducted to provide additional insight to the performance of organizations and to obtain feedback regarding the performance of local banks in helping to meet the credit needs within the assessment area.

A community contact was performed with the director of a local municipal organization dedicated to promoting business activity and increasing the municipality's real estate revenue. The contact stated that low-income and moderate-income borrowers are finding it increasingly difficult to purchase homes due to the rising costs of housing. The contact stated that there is a need for banks to better market their credit programs that target low- and moderate-income homebuyers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Scope of Evaluation

This performance evaluation assesses the Bank's performance under the Lending, Investment, and Service Tests. The evaluation included an analysis of HMDA-reportable loans, consumer loans and small business loans reported during the period from January 1, 2002 through December 31, 2003. Small business loans, as defined in the Consolidated Report of Condition and Income (Call Report) are loans that have original amounts of \$1 million or less and are either secured by non-farm nonresidential properties or are classified as commercial and industrial loans. The evaluation period for the Bank's community development lending, investments, and services is from January 1, 2002 through December 31, 2003.

In addition, residential loan data of competing institutions was analyzed for 2002, the latest data available for comparison of aggregate residential loan information.

LENDING TEST

The institution's Lending Test performance was rated an overall "High Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

Tables 1 through 13, which appear at the end of the Public Evaluation, summarize the Bank's lending performance by loan product type. Tables 7a and 12a were excluded since they relate to the distribution of small loans to farms, which the Bank does not originate.

I. LENDING ACTIVITY

From January 1, 2002 to December 31, 2003, the Bank originated 2,106 HMDA-reportable loans totaling \$289,582,000. As the following table indicates, the majority of home mortgage loans were originated within the assessment area. Although both the number and dollar volume of the Bank's loans are considered, the number of loans is weighed more heavily than the dollar volume. The reason behind this is the number of loans does not vary due to the applicant's income level, the size of the applicant's business or because of the varying housing values within the assessment area.

The number of loans originated inside the Bank's delineated assessment area constituted 84.2 percent of the total number, or 74.7 percent of the total dollar volume. The concentration of HMDA-reportable loans were in Westfield, Agawam, Southwick, Springfield and South Hadley, which accounted for 56.7 percent of the total number of residential lending within the assessment area.

Loans originated outside of the delineated assessment area constituted 15.8 percent of the total number, or 25.3 percent of the total dollar volume. Refer to the following tables for additional information.

Distribution of Home Mortgage Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar Amount		Number of Loans		Dollar Amount	
	#	%	\$ (000s)	%	#	%	\$(000s)	%
2002	913	86.5	\$111,637	82.1	143	13.5	\$24,258	17.9
2003	861	82.0	\$104,744	68.1	189	18.0	\$49,006	31.9
Totals	1,774	84.2	\$216,381	74.7	332	15.8	\$73,264	25.3

Source: HMDA Disclosure Statements

As noted in the description of the assessment area, the Bank is operating within a highly competitive lending environment. Market share data for 2002 was reviewed with respect to this performance criterion.

LENDING ACTIVITY (CONTINUED)

The market share data is based upon loan information submitted to the Federal Reserve in 2000 by all HMDA-reportable lending institutions that originated residential real estate loans within the assessment area.

Market share data for the 351 lenders that made loans within the assessment area indicated that the Bank ranked sixth in originated or purchased loans, representing 4.0 percent in market share. Fleet National Bank ranked first with an 8.0 percent market share. Charter One Bank ranked second with 6.0 percent in market share.

The demand for residential mortgages within the assessment area remains competitive. However, residential loan volume in 2003 was 5.69 percent less than in 2002. Mortgage loans sold during the period totaled 571 for a dollar figure equaling \$69.9 million. Favorable low interest rates since the first quarter of 2002 has resulted in a strong demand for long term fixed rate mortgage loans.

Small Business Loans

The Bank originated 177 small business loans for a dollar total of \$19.5 million. Of the total small business loans, 92.7 percent of the total number and 89.9 percent of the dollar volume was originated within the assessment area. Similar to HMDA lending, the Bank's volume of lending within the assessment area is consistently strong. Refer to the following table for more detailed information.

Distribution of Small Business Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar Amount		Number of Loans		Dollar Amount	
	#	%	\$ (000s)	%	#	%	\$(000s)	%
2002	82	94.3	\$10,673	91.6	5	5.7	\$975	8.4
2003	82	91.1	\$6,884	87.4	8	8.9	\$991	12.6
Totals	164	92.7	\$17,557	89.9	13	7.3	\$1,966	10.1

Source: CRA Data Collection

Consumer Loans

The consumer loan review consisted of loans originated during calendar years 2002 and 2003. A total of 1,695 consumer installment loans were analyzed. These loans consisted of personal secured and unsecured loans. The Bank originated 922 loans in this categories in 2002 and 773 loans in 2003. The following information is based upon the consumer loan volume for this period.

Consumer Loans (continued)

The number of loans originated inside the Bank's delineated assessment area constituted 91.2 percent of the total number, or 88.3 percent of the total dollar volume. As with residential loans, the concentration of consumer loans were in Westfield, Southwick, Agawam, South Hadley, and West Springfield, which accounted for 69.7 percent of the total number of consumer loans within the assessment area. Loans originated outside of the delineated assessment area constituted 8.8 percent of the total number, or 11.7 percent of the total dollar volume. Refer to the following tables for additional information.

Distribution of Consumer Installment Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar Amount		Number of Loans		Dollar Amount	
	#	%	\$ (000s)	%	#	%	\$(000s)	%
2002	833	90.3	\$4,475	89.0	89	9.7	\$552	11.0
2003	712	92.1	\$4,633	87.7	61	7.9	\$650	12.3
Totals	1,545	91.2	\$9,108	88.3	150	8.8	\$1,202	11.7

Source: Consumer Loan Data Collection

II. GEOGRAPHIC DISTRIBUTION

The Bank's penetration of census tracts of different income levels is considered reasonable.

Residential Mortgage Loans

Tables 2a, 3a 4a and 5a in Appendix B are based on HMDA data for calendar years 2002 and 2003 and illustrate the geographic distribution of the Bank's residential mortgages among low-, moderate-, middle-, and upper-income census tracts that constitutes the assessment area. The tables show home purchase loans, home improvement loans, home mortgage refinance loans, and multi-family loans.

For this evaluation period, the Bank has made at least one loan in 83 of the 93 census tracts. The tracts with no loan activity are in the City of Springfield (6), Holyoke (3), and Westfield (1). All tracts with no loan activity are low-income except the one tract in Westfield, which is upper-income.

Residential Mortgage Loans (continued)

It is noted that the comparisons for 2002 are based on the 1990 U.S. Census data and the 2003 comparisons are based on the 2000 Census data. For the 2003 loan analysis, 8 census tracts that were designated as middle-income in the last census were re-defined as moderate-income, which may account for the surge in loans in moderate-income tracts in 2003. Census data also indicated that 5 census tracts in Springfield, that were designated as moderate-income in the 1990 Census, were redefined as low-income in the 2000 Census, and the Bank's lending in low-income tracts increased in 2003.

Table 2a illustrates the geographic distribution of home purchase loans within the assessment area. The Bank originated 515 home purchase loans during the two-year period. Loans originated within low-income geographies represented 0.33 percent in 2002 and 1.44 percent in 2003. Loans originated within moderate-income tracts represented 4.25 percent in 2002 and 13.4 percent in 2003. Aggregate data indicates a higher rate of lending than the Bank in 2002 for both low- and moderate-income geographies, with 4.05 percent and 9.92 percent, respectively. The contrast between the Bank's loans, originated in 2002 and 2003, within low- and moderate-income tracts is due in large part to the changes in the 2000 U.S. Census tract definitions. As indicated in the Performance Context portion of this examination, the percentage of low-income tracts went from 13.3 percent based on the 1990 census to 18.3 percent based on the 2000 census. Also, the percentage of moderate-income tracts went from 14.5 percent based on the 1990 census to 19.3 percent based on the 2000 census. In contrast, middle-income tracts went from 50 percent in 1990 to 39.8 percent in 2000. Nonetheless, the Bank originated the highest percentage of home purchase loans within middle-income census tracts in 2002 and 2003 with 64.7 percent and 52.63 percent, respectively. Although loan concentration in middle-income tracts remained higher in 2003 than all other census tract income levels, the changes in the census tract characteristics are reflected in the decrease in the percentage of loans originated in middle-income tracts.

Furthermore, the loan volume is appropriate considering the higher number of middle-income tracts and the high number of owner-occupied housing units in those middle-income geographies.

Upper-income census tracts accounted for the next highest number of loans with 30.7 percent in 2002 and 32.5 percent in 2003. These figures correspond with the rate of owner-occupancy within the upper-income geographies.

Table 3a in Appendix B illustrates the geographic distribution of home improvement loans. A total of 23 loans were originated for the two-year period. As with home purchase loans, the concentration of lending is among middle and upper-income geographies. There was no consistent pattern of lending in low- and moderate-income geographies however; the Bank originated 11.1 percent of home improvement loans in low-income geographies in 2002, compared to 2.58 percent for the aggregate.

Residential Mortgage Loans (continued)

Table 4a in Appendix B illustrates the geographic distribution of home refinance loans. The Bank originated 1,205 home refinance loans in 2002 and 2003. The Bank originated 0.18 percent of these loans in low-income tracts in 2002 and 0.47 percent of these loans in 2003. The Bank originated 3.5 percent of home refinance loans in moderate-income tracts in 2002 and 5.36 percent of these loans in 2003. These figures are well below the rate of lending by the aggregate, which originated 1.75 percent in low-income tracts and 5.34 percent in moderate-income tracts in 2002. Both the Bank and the aggregate originated loans below the rate of owner-occupancy in low- and moderate-income tracts. The Bank originated the highest percentage of loans in middle-income tracts with 57.09 percent of total home refinance loans in 2002 and 46.69 percent in 2003. Loans in upper-income tracts were 39.23 percent in 2002 and 47.48 percent in 2003. The loan volume in middle- and upper-income geographies is appropriate given that the concentration of census tracts is in middle- and upper-income geographies.

Table 5a in Appendix B indicates the geographic distribution of multifamily loans. The Bank originated a total of 30 multifamily loans in 2002 and 2003. The Bank originated 22.22 percent of these loans in low-income tracts in 2002 and none in 2003. The Bank originated 27.78 percent of multifamily loans in moderate-income tracts in 2002 and 66.67 percent in 2003. Aggregate data for 2002 show similar figures for multifamily loans with 28.24 percent originated in low-income tracts and 22.35 percent originated in moderate-income tracts. These figures are appropriate since low- and moderate-income geographies have a higher concentration of multifamily properties.

Small Business Loans

Table 6a in Appendix B illustrates the geographic distribution of small business loans. Similar to the residential mortgage data, Table 6a compares the Bank's small business lending in each of the four census tract income groups to the proportion of small businesses located in each area, as well as the aggregate lending data for calendar year 2002. A comparison of the Bank's lending activity to that of all other lenders doing business in the area is appropriate since the Bank is also a commercial lender.

Small Business Loans (continued)

As the data in Table 6a shows, the Bank originated a total of 164 small business loans within the assessment area in 2002 and 2003. The Bank originated 2.44 percent of all small business loans in low-income census tracts during calendar year 2002, a figure that is considerably less than the 8.89 percent for all other lenders and less than the 9.59 percent of small businesses operating in the low-income tracts. The Bank's small business loan activity in moderate-income census tracts for 2002 at 14.63 percent was slightly below but comparable to that of other lenders, which showed 16.01 percent in loans originated in moderate-income census tracts. However, both the Bank and the aggregate were closer to the percentage of small businesses (18.87 percent) operating in moderate-income tracts. The Bank's small business loan activity in middle- and upper-income census tracts, at 53.66 percent and 29.27 percent, was slightly above but comparable to the aggregate and slightly above the percent of businesses operating in middle- and upper-income areas.

The Bank originated 3.66 percent of all small business loans in low-income census tracts during calendar year 2003, a figure that is considerably less than the 18.73 percent of small businesses operating in low-income tracts. The Bank's small business loan activity in moderate-income census tracts for 2003 at 18.29 percent was slightly below but comparable to the 21.58 percent of small businesses operating in moderate-income census tracts. The Bank's activity in middle- and upper-income census tracts, at 45.12 percent and 32.93 percent, was slightly above but comparable to the percent of businesses operating in middle- and upper-income areas.

Table 7a, the distribution of small loans to farms was excluded from the analysis since the Bank does not originate small farm loans.

III. BORROWER CHARACTERISTICS

Residential Mortgage Loans

The distribution of loans, given the product lines offered by the Bank and the economic climate of the assessment area, reflects reasonable penetration among residential customers of different income levels and small business customers of different sizes. For comparison, the 2002 and 2003 distribution of the assessment areas' families¹ and by borrower income level and 2002 aggregate data is also shown. Aggregate data for 2003 was not available at the time of this evaluation.

¹ 2002 based on 1990 Census Data 2003 Based on 2000 Census Data

Residential Mortgage Loans (continued)

Tables 8a, 9a and 10a in Appendix B are based on HMDA data for the period reviewed and respectively illustrate the distribution of the Bank's home purchase loans, home improvement loans, and home mortgage refinance loans among low-, moderate-, middle, and upper-income borrowers in the assessment area. Data regarding multifamily properties are not provided since borrowers' income data are not collected for this type of credit.

Table 8a, which illustrates the borrower distribution of home purchase loans, indicates that the Bank originated 515 loans in the period reviewed. Loans to low-income borrowers in 2002 and 2003 with 6.21 percent and 5.80 percent, respectively. These figures are considerably less than the low-income families in 2002 and 2003 with 21.86 percent and 23.41, respectively. Loans to moderate-income borrowers fared considerably better in 2002 and 2003 with 19.61 percent and 29.95 percent, respectively. These figures were more than the moderate-income families within the assessment area. Data indicates that moderate income families in 2002 and 2003 were 16.43 percent and 17.14 percent, respectively. Aggregate loan data for 2002 was somewhat similar to that of the Bank. The overall concentration of the Bank's residential mortgage loans is higher among upper-income borrowers with 41.83 percent in 2002 and 32.37 percent in 2003. Although, the loans to low-income individuals is proportionately lower than the 21.86 percent of low-income families, the penetration is considered reasonable since approximately 11 percent of the families within the assessment area are below the poverty level and could not afford the costs associated with homeownership.

In addition, the Bank's penetration to low-income families is hampered by the cost of homes in relation to income. A low-income family within the Bank's assessment area would have an annual income of less than \$25,350 in 2002 and less than \$28,400 in 2003.

The median sales price of a single family home within the assessment area in 2003 ranged from a low of \$105,000 in Springfield to a high of \$281,000 in Longmeadow². Even with the Bank's flexible lending programs, the cost of local real estate is greater than what many low-income families could afford.

² Based on Banker and Tradesman Town Statistics as of December 2003

Residential Mortgage Loans (continued)

Table 9a in Appendix B shows the borrower distribution of home improvement loans. The Bank originated a total of 24 home improvement loans for the two-year review period. For calendar year 2002, the distribution of loans to low-income borrowers at 16.66 percent was slightly less than the percentage of low-income families but was significantly more than the aggregate, which stood at 7.15 percent. The Bank's loans to moderate-income borrowers was inline with the percentage of families in low-income tracts and slightly higher than the 15.59 percent for the aggregate. No loans were made to low-income borrowers in 2003. However, loans to moderate-income borrowers at 33.33 percent were almost double the percentage of low-income families. Loans to middle- and upper-income borrowers were similar to the percentage of middle and upper-income families.

Table 10a in Appendix B illustrates the borrower distribution of home mortgage refinance loans. The Bank originated 1,205 refinance loans in 2002 and 2003. For calendar year 2002, the Bank's distribution of loans to low-income borrowers at 4.38 percent was slightly more than the 3.53 percent for the aggregate. Similarly, in 2002 the Bank's loans to moderate-income borrowers at 13.66 percent compared closely to the 13.36 percent for the aggregate. In 2003, the Bank's lending among borrowers of low- and moderate-income was 5.59 percent and 17.41 percent, respectively.

In 2002, the Bank originated loans to middle- and upper-income borrowers at 29.77 percent and 51.66 percent, respectively. These figures more closely reflect those of the aggregate and the percent of families in both categories. In 2003, the Bank's lending to middle- and upper-income borrowers was similar to the 2002 percentages. The percentage of home refinance loans to low- and moderate-income borrowers is at a slightly lower level than home purchase loans for both the Bank and the aggregate. This may be attributed to the quality and quantity of affordable home buying loan programs available to borrowers in the area.

To assist lower income individuals achieve homeownership, the Bank has offered a number of in-house and government sponsored affordable housing programs. These programs offer expanded debt-to-income ratios and lower downpayment requirements.

Small Business Loans

As indicated in Table 11a, the Bank's level of lending to businesses with gross annual revenues of \$1 million or less is considered adequate. During the period reviewed, the Bank originated 164 small business loans within the assessment area. In calendar year 2002, the Bank originated 62.20 percent of its small business loans within the assessment area to businesses with gross annual revenues of \$1 million or less. In calendar year 2003, the Bank originated 67.07 percent of the small business loans within the assessment area to businesses with gross annual revenues of \$1 million or less. The Bank's level of performance for 2002 was somewhat less than the 75.19 percent of small businesses with revenues of \$1 million or less.

However, for 2003 the number of businesses with annual revenues of \$1 million or less declined to 63.85 percent.

The Bank originated a substantial majority of small business loans with dollar amounts of less than \$100,000. For 2002, 67.07 percent of the small business loans were in amounts of \$100,000 or less. For 2003, the number of small business loans with dollar amounts of \$100,000 or less increased to 79.27 percent. These figures are indicative of the Bank's commitment to serving the credit needs of smaller businesses within the assessment area.

Consumer Loans

Table 13 shows the geographic and borrower distribution of consumer loans. Despite the Bank's focus as a residential lender, the Bank originated a total of 1,545 consumer loans within the assessment area during 2002 and 2003 for a dollar volume exceeding \$9.1 million. The penetration of consumer loans within census tracts of different income levels is considered adequate. For this evaluation period, the Bank has made at least one consumer loan in each of the census tract categories within the assessment area.

Geographic Distribution

For comparison purposes, a breakdown is provided by percentage of the area's households within the four census tract income categories.

In 2002, The Bank originated 0.72 percent of its consumer loans within low-income geographies. This figure is considerably less than the 10.21 percent of households within the low-income census tracts. For the same year, the Bank originated 5.64 percent of its consumer loans within moderate-income census tracts. This figure is less than half of the 12.57 percent of households within moderate-income census tracts.

Geographic Distribution (continued)

For loans originated in middle- and upper-income geographies, the scenario is in reverse. The Bank originated 64.23 percent of its consumer loans within middle-income geographies. However, this figure is more than the 56.95 percent of households within the middle-income census tracts. The Bank originated 29.41 percent of its consumer loans in upper-income census tracts. Yet, households in upper-income census tracts represent 20.27 percent of total households.

This trend continued in 2003, whereby the Bank originated 0.84 percent of its consumer loans within low-income geographies. Yet, households in low-income geographies now represent 12.10 percent. The Bank originated 7.44 percent of its consumer loans in moderate-income census tracts. Moderate-income households represent 21.17 percent. For loans originated in middle- and upper-income geographies, the Bank again exceeded the percent of households in those areas with 49.72 percent of its consumer loans originated in middle-income tracts and 41.99 percent of its consumer loans originated in upper-income census tracts.

As the preceding information shows, consumer lending within low- and moderate-income census tracts is not consistent with the population breakdown within those areas.

Borrower Distribution

For comparison purposes, a breakdown by percentage of the area households within the four census tract income categories is indicated.

In 2002, the Bank originated 12.84 percent of its consumer loans to low-income borrowers. This figure is considerably less than the 26.04 percent of households that are low-income. For the same year, the Bank originated 20.64 percent of its consumer loans among moderate-income borrowers. This figure is more than the 14.49 percent of households that are moderate-income. The Bank originated 28.57 percent of its consumer loans among middle-income borrowers. This figure is more than the 19.17 percent of households that are middle-income. The Bank originated 33.13 percent of its consumer loans among upper-income borrowers. However, upper-income households represent 40.30 percent of total households.

Borrower Distribution (continued)

Figures for 2003 continued to increase for low- and moderate-income borrowers whereby the Bank originated 19.08 percent of its consumer loans among low-income borrowers. Low-income households now represent 26.06 percent. The Bank originated 24.89 percent of its consumer loans among moderate-income borrowers. Moderate-income households represent 15.57 percent. For loans originated among middle-income borrowers, the Bank also exceeded the percentage of households with 26.53 percent of its consumer loans originated among middle-income borrowers compared to 17.73 percent of middle-income households. Loans to upper-income borrowers represented 29.51 percent of its consumer loans compared to 40.64 percent of total households that are upper-income.

IV. COMMUNITY DEVELOPMENT LENDING

The Bank's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent the institution has demonstrated leadership in community development lending.

The Bank has a relatively high level of community development loans, and in some cases has taken a leadership position in making community development loans. Additionally, the Bank originated 17 multi-family loans, totaling almost \$4 million, and provided approximately 225 units of affordable housing in low- and moderate-income geographies. Detailed below are the community development loans and multi-family loans that the Bank originated during the review period.

In 2002, the Bank provided a \$1,262,000 interim construction loan to a for-profit corporation, which was financed under the SBA's Certified Development Company (504) Loan Program. This 504 loan program provides long-term financing for economic development within a particular community. The purpose of this project was to construct a 71-room hotel in Ludlow. In conjunction with this loan, the Bank simultaneously provided permanent project financing totaling \$2,100,000.

Also in 2002, the Bank provided a \$375,000 interim construction loan to a local Community Development Corporation for the purpose of acquisition and rehabilitation of four single-family homes. These homes were subsequently sold to income-qualified low- and moderate-income homebuyers.

In 2003, the Bank provided a \$2,500,000 construction/permanent loan to a regional-based 501(C) (3) not-for-profit corporation in Springfield that provides educational and other social service programs for women and children in need. In 2002, this organization was provided with an unsecured revolving line of credit totaling \$250,000 for the purpose of working capital.

Community Development Lending (continued)

As the following table illustrates, the Bank originated 17 multi-family loans, totaling \$3,997,000. These units are considered affordable for low- and moderate-income individuals using the Federal National Mortgage Association (FNMA) standard housing expense ratio of 28 percent, and the HUD adjusted Median Family Income for 2002 and 2003. Using these guidelines for 2002, a low-income person could afford rent approximating \$591.50, and a moderate-income person could afford rent approximating \$946.40. The numbers increased in 2003, to \$662.66 for a low-income individual, and \$1,060.26 for a moderate-income individual.

Multifamily Loans			
Origination Date	Amount (\$000)	# Units*	Census Tract
07/30/02	200	40	8006.00 Low
09/28/02	198	6	8019.00 Low
02/15/02	95	9	8116.00 Low
05/30/02	106	9	8116.00 Low
11/25/02	101	10	8118.00 Mod
08/01/02	346	20	8123.00 Mod
01/16/02	195	13	8127.02 Mod
04/23/02	90	9	8127.02 Mod
10/10/02	102	8	8127.02 Mod
08/29/03	590	18	8015.03 Mod
12/30/03	180	18	8104.03 Mod
01/10/03	240	12	8118.00 Mod
10/31/03	436	16	8120.00 Mod
06/09/03	145	6	8127.02 Mod
07/03/03	164	9	8127.02 Mod
10/15/03	636	17	8127.02 Mod
12/19/03	173	5	8127.02 Mod
	3,997	225	

*Rent range \$300 - \$835 per unit

V. INNOVATIVE OR FLEXIBLE LENDING PRACTICES

The Bank's innovative and flexible lending practices are evaluated based on the degree to which the loans serve low- and moderate-income individuals and geographies in new ways or serve groups of creditworthy borrowers not previously served by the institution.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES (CONTINUED)

First Time Homebuyer Program

This in-house program was designed for the first time homebuyer purchasing a 1-to-4 family home or condominium in Hampden, Hampshire or Franklin County. Income limits are \$72,400 for 1 to 2 person households, or \$83,200 for 3 or more. Sales price limits are \$141,800 for an existing single family residence, \$205,300 for a new single family residence, \$159,600 for a 2-family residence, \$193,200 for a 3-family residence, and \$224,700 for a 4-family residence. The Bank pays for credit, attorney and appraisal fees. Loans are 5/1 adjustable rate mortgages. A minimum down payment of 5 percent is required, of which 3 percent must be from borrower's own funds. Homebuyer counseling is required if loan to value is greater than 90 percent. The Bank originated 60 first-time homebuyer loans in 2002, for a dollar total of \$5,492,280. The Bank originated 16 first-time homebuyer loans in 2003, for a dollar total of \$1,412,370.

Massachusetts Housing Finance Agency (MHFA) Program

The Bank participates in this program, which is geared to low- and moderate-income homebuyers. This program is offered to homebuyers purchasing a 1-to-4 family home in Hamden, Hampshire, and Franklin Counties. Income and sales price limits are the same as the Bank's first-time homebuyer program. The loan to value ratio is set at 97 percent and the downpayment must be from the borrower's own funds. Homebuyer counseling is required if the loan-to-value is greater than 97 percent on 2 to 4 family properties. The Bank originated 10 MHFA loans in 2002, for a dollar total of \$864,430. The Bank originated 4 MHFA loans in 2003, for a dollar total of \$439,300.

Federal Housing Administration (FHA) Program

The Bank has been a participant in this program since May 2001. This program offers homebuyers 97.75 percent loan-to-value mortgages insured by FHA. This program is offered with no income or sales price limits for purchases of 1-to-4 family homes and condominiums. Borrowers must have 6 months of reserves for purchases of 3-to-4 family properties. The 3 percent downpayment can be in the form of a gift or a grant. The Bank originated eight loans each in calendar years 2002 and 2003, for dollar amounts of \$1,001,578 and \$1,018,000, respectively.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES (CONTINUED)

100 Percent Financing Programs

The Bank offers a number of products with 100 percent financing. All programs require no reserves and a minimum credit score of 660. The **Zero Down Program** for first time homebuyers and nonfirst time homebuyers for municipal employees is for the purchase of 1-to-4 family homes or condominiums. Income limit is set at \$76,680 for properties in the Springfield MSA. There are no sales price limits. The Bank pays for credit, appraisal and attorney fees. Non-First time homebuyers pay the standard fees. Loans are 5/1 adjustable rate mortgages. Qualifying ratios are set at 41 percent. Homebuyer counseling is required. This program was established in October 2001; however, the first 2 loans were originated in 2003, a first time homebuyer municipal employee loan for \$165,000 and a non-first time homebuyer municipal employee loan for \$232,900.

The Bank is a participant in MHFA's **Mass Advantage Program**. This program, started in May 2002, is offered to residents in Hampden, Hampshire, and Franklin Counties. Income and sales price limits are similar to the Bank's in-house first time homebuyer program. The interest rate is fixed and set by MHFA. Homebuyer counseling is required. Qualifying ratios are 33 percent for housing and 41 percent for total debt. The Bank originated 4 Mass Advantage loans in 2002, for a dollar total of \$232,000. The Bank originated 6 Mass Advantage loans in 2003, for a dollar total of \$541,235.

In March 2002, the Bank partnered with MHFA and Fannie Mae's (FNMA) Mortgage Insurance Fund to offer the **Community Second Program (90/10)** to low- and moderate-income homebuyers. This program offers 100 percent financing at market rates. The 90/10 program incorporates a 90 percent first mortgage sold to FNMA and a 10 percent second mortgage that is retained by the Bank. This program allows qualified borrowers with minimal savings to buy more of a home. Underwriting guidelines are flexible and income limits are set at 100 percent of the statewide median income. This program allows borrowers to contribute only \$500 or one percent of the purchase price toward closing costs. In 2003, the Bank originated one loan totaling \$148,900 under this program. The 90/10 was discontinued in October 2003 and replaced in November 2003 with the **My Community Program** and the CRA **50/80 Program**. Both programs are offered to residents in Hampden, Hampshire, and Franklin Counties and are insured solely by MHFA. There are no sales price limits for the My Community Program; however, the CRA 50/80 Program has sales price limits of \$141,800 for an existing single family residence and \$205,300 for a new single family residence. Interest rates are fixed. These programs are offered to homebuyers purchasing single family homes or condominiums only. Qualifying ratios are set at 41 percent. If the home is a purchase, homebuyer counseling is required. No loans were originated during the period reviewed.

The Bank also participates in special loan programs geared towards its business customers. Loans originated through these programs were reported on the Bank's CRA Small Business Loan Register and have already received credit in the Lending Test. The

programs themselves are described here in order to highlight the innovativeness of the Bank's lending.

INNOVATIVE OR FLEXIBLE LENDING PRACTICES (CONTINUED)

Small Business Administration Programs

The Bank is an approved Small Business Administration (SBA) lender. In 2002, the Bank provided a \$1,262,000 interim construction loan under the SBA 504 Program. Under this program, loans are originated through nonprofit community development companies (CDC) licensed by the SBA. Since the SBA does not finance construction, the completed construction was paid by a third party development corporation, which issued a debenture guaranteed by the SBA. The Bank provided permanent project financing of \$2,100,000, which was also dependent on SBA authorization.

The Bank is a participant in the SBA 7(a) Program. Under this program, loan proceeds may be used for such purposes as construction of a new facility, purchase land or buildings, purchase equipment, make leasehold improvements, and finance working capital needs. The SBA guarantees up to 80 percent of the loan, depending on the loan amount. In June 2002, a loan totaling \$501,475 was approved under the SBA 7(a) Loan Program. In June 2003, another SBA 7(a) loan totaling \$108,000 was approved.

Homeowner Options for Massachusetts Elders (H.O.M.E.)

The Bank offers reverse mortgages through the Homeowner Options for Massachusetts Elders. The funds enable elderly, low-income homeowners to receive funds based on equity in their homes. No loans were funded under this program during the evaluation period.

VI. FAIR LENDING POLICIES AND PRACTICES

The Bank's fair lending practices were reviewed to determine how they relate to the guidelines set forth in Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The Bank maintains a formal fair lending policy. The loan policy makes references to fair lending regulations such as the ECOA. Employees undergo fair lending training at various times throughout the year.

Some members of the Bank's staff volunteer time at a variety of area organizations in need of their expertise. Primarily, the Bank markets its service and products through print media and the Internet. Seminars are also conducted in order to make potential customers aware of the services the Bank offers. In addition, there are some employees who speak a second language, which aids customers who may not be fluent in English.

FAIR LENDING POLICIES AND PRACTICES (CONTINUED)

In 2003, the Bank's Vice President of Residential and Consumer Lending sponsored a luncheon for local housing authorities, Community Development Corporations, Community Action Agencies, and Small Business Development Agencies. The purpose of this luncheon was to generate more loans under the Bank's flexible loan programs. The luncheon also served to foster a familiarity between loan originators and the individual agencies within the Bank's assessment area. Of the six organizations that attended this event, two agencies have made arrangements with the Bank to discuss educational and loan assistance programs.

Minority Application Flow

A review of the Bank's residential loan application flow was conducted. The purpose of the review is to determine the number of applications the Bank received from minority applicants.

As indicated in the following table the Bank received a total of 2,014 residential applications from individuals within the assessment area during the two-year period. A total of 82 applications, or 4.0 percent, was received from minority applicants. Of the total applications received by minority applicants, 81.7 percent were approved.

Minority Application Flow								
Race	Aggregate Data 2002*		Bank 2002		Bank 2003		Bank Total	
	#	%	#	%	#	%	#	%
Native American	54	0.1	0	0.0	0	0.0	0	0.0
Asian	328	0.9	5	0.5	9	0.9	14	0.7
Black	1,360	4.1	8	0.7	7	0.7	15	0.7
Hispanic	1,890	5.7	9	0.9	12	1.3	21	1.0
Joint Race	361	1.1	11	1.0	13	1.4	24	1.2
Other	259	0.8	5	0.5	3	0.3	8	0.4
Total Minority	4,252	12.7	38	3.6	44	4.6	82	4.0
White	19,114	57.2	929	88.0	867	90.5	1,796	89.2
NA	10,045	30.1	89	8.4	47	4.9	136	6.8
Total	33,411	100.0	1,056	100.0	958	100.0	2,014	100.0

Source: HMDA Disclosure Statements *HMDA Aggregate Data

The Bank's application flow was compared to the 2002 aggregate data for all other HMDA reporters within the assessment area. In addition, the Bank's minority application flow was compared with the racial composition of the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's application flow.

Minority Application Flow (continued)

Aggregate information for 2002, as shown in the preceding table, indicated that 12.7 percent of the total applications received from all other HMDA reporters were from minority applicants. By comparison, the Bank's minority flow is considerably lower than the aggregate, with 3.6 percent of total applications received in 2002. It is also noted that the Bank's minority application flow for 2002 significantly trails the assessment area's minority population rate. According to the 1990 U.S. Census Data, the Bank's assessment area contained a total population of 456,456 individuals. Minority individuals accounted for 18.1 percent of the total population. This figure is in sharp contrast to the rate of applications the Bank receives from minority individuals, which shows applications received from all minority groups for each year is at a rate that is consistently less than 5 percent of total HMDA-reportable applications received by the Bank annually.

VII. LOSS OF AFFORDABLE HOUSING

The Bank's lending programs that include community development and flexible underwriting have assisted low- and moderate-income individuals to remain in their neighborhoods.

INVESTMENT TEST

The investment test evaluates an institution's record of helping to meet the credit needs of its assessment area through "qualified investments" that benefit its assessment area or a broader statewide or regional area, including the institution's assessment area. Overall, the investment test evaluates the dollar amount of qualified investments, their "innovativeness and complexity," and the responsiveness of these investments to credit and community development needs, including the degree to which they assist residents in remaining in affordable housing and the degree to which they (qualified investments) are not routinely provided by private investors.

A qualified investment is defined as a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes: affordable housing for low- and moderate-income individuals, community services (targeted to low- and moderate-income individuals), activities that promote economic development (by financing small businesses or small farms), and activities that revitalize or stabilize low- and moderate-income geographies. The Bank's investment test is rated "High Satisfactory."

Overall, the Bank's level of qualified charitable grants and contributions has increased markedly, since the last evaluation. This increase is largely attributed to the formation of the Woronoco Savings Bank Charitable Foundation. The Bank initially funded the charitable foundation with 444,360 shares of its common stock, with a book value of \$4.4 million. The Foundation's charter allows for annual distribution of up to 5 percent of the Foundation's average asset value. Woronoco Savings Bank Charitable Foundation allows the Bank to make greater monetary contributions. Additionally, the Foundation provides a means by which grant proposals/requests are made by non-profit organizations and are considered by the Bank. Lastly, the Foundation provides for the targeting of grants to a specific program or need and for the subsequent feedback on the use of the funds provided.

The Bank's qualified investments consist of charitable grants/contributions to several local community organizations for purposes considered to be primarily community development in nature. The Bank funded these contribution through its affiliate, Woronoco Savings Bank Charitable Foundation. The Bank made qualified grants in 2002 and 2003 of \$173,183 and \$211,650, respectively.

INVESTMENT TEST (CONTINUED)

The qualified contributions benefited 34 different organizations. A highlight of these organization include; **Carson Center for Human Services**, which provides mental health services to low- and moderate-income people; **Boys and Girls Club of Greater Westfield and Ludlow**, whose mission is to provide developmental opportunities to all youth, particularly the disadvantaged; **YWCA of Western Massachusetts**, a regional provider of services to women in need and their children; **Greater Westfield Habitat for Humanity and Westfield Community Development Corporation (WCDC)**, two non-profit agencies involved in the development and support of affordable homeownership; **Agawam Small Business Assistance Center**, and **University of Massachusetts Small Business Development Center**, two resource centers offering consulting, counseling and education to promote and support small businesses.

The Bank has also made capital contribution to organizations that are part of an economic initiative to revitalize low- and moderate-income geographies, such as, **Basketball Hall of Fame** in Downtown Springfield and **Westfield Children's Museum** in Downtown Westfield.

Conclusion - Investment Test

The Bank's qualified charitable contributions reflect a significant dollar amount and reasonable level of responsiveness to the community development needs of its assessment area. In some instances, the Bank has taken a leadership role in making large multi-year commitments to organizations for purposes, which are primarily community development in nature. The Bank's performance under the investment test is considered to be "High Satisfactory."

SERVICE TEST

The service test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing the availability and effectiveness of an institution's systems for delivering retail banking services; and the extent and innovativeness of its community development services. Overall, the Bank's retail service delivery systems are considered reasonably accessible to geographies and individuals of different income levels within its assessment area. To the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. The Bank's officers and staff provide a relatively high level of community development services including educational services. The Bank's service activities are rated "High Satisfactory."

RETAIL BANKING SERVICES

With regard to an institution's retail services, the Service Test evaluates the distribution of branches among low-, moderate-, middle-, and upper-income geographies; and the institution's recording of opening and closing branches; particularly, those located in low- and moderate-income geographies, or primarily, serving low- and moderate-income individuals. Furthermore, the test evaluates the availability and effectiveness of alternative delivery systems (for retail services) in low- and moderate-income census tracts and to low- and moderate-income individuals; and the range of services provided in low-, moderate-, middle-, and upper-income census tracts and the degree to which services are tailored to meet the needs of those geographies.

Distribution of Branches

The Bank's main office, located in Downtown Westfield, is situated within a moderate-income census tract. Additionally, the Bank operates eight full-service branch offices and four free-standing Automated Teller Machines (ATMs). Based on 2000 Census data, the Bank's branch offices, located in Agawam, South Hadley, Chicopee and Ludlow, reside within middle income tracts; while the branch offices in Westfield, Southwick (2 offices), and East Longmeadow reside within upper-income tracts. Based on 1990 Census data, the Southwick branches were located in a middle income tract.

Of the seven municipalities where the Bank has branches, three are located in moderate-income geographies within the city/town. These are: Westfield, with one moderate-income tract; Chicopee, with 4 moderate-income tracts comprising the older core of the city; and Ludlow, with one moderate-income tract bordering on the City of Springfield.

The Bank's hours of operation are considered to be convenient and comparable to other local financial institutions. All branches offer extended lobby hours, either on Thursday or Friday, as well as Saturday morning hours. All offices have drive-up teller windows, offering extended hours on a daily basis. Likewise, all offices have ATMs that provide 24-hour network access including NYCE, Cirrus, Discover, MasterCard and Visa.

Record of Opening and Closing Branches

During the period reviewed, the Bank divested itself of its four “Big Y” supermarket branches, as part of the Bank’s plan to improve its overall branch profitability and effectiveness. In 2002, the Bank sold the supermarket branches located at University Drive, Amherst (a low-income tract) and Memorial Avenue, West Springfield (a moderate-income geography). Additionally in 2003, the Bank sold its “Big Y” supermarket branch located at 800 Boston Road, Springfield (a moderate-income tract). These sales included the deposit accounts (approximately \$20.3 million) and the transfer of the leased premises.

No loans were sold as part of these transactions. The fourth supermarket branch, located on Route 33, South Hadley (upper-income tract), closed in September 2003 with accounts being transfer to the Bank’s South Hadley branch office. Lastly, as part of the branch reorganization, the Bank opened (in October 2003) a full-service branch office at 1339 Memorial Drive, Chicopee (a middle income tract). This new office is located approximately 2 miles from the former South Hadley supermarket branch.

Other Retail Services and Alternative Delivery System(s)

The Bank offers the same banking services and products in each of its branch offices. Similarly, each branch office has staff who take loan applications for all retail credit products offered by the Bank, including mortgage and home equity applications.

The Bank offers an array of checking account options, which range from its basic “Woronoco Checking” (no monthly fee, no minimum balance, no interest earned); to its value-added “Classic Checking” options, (either a low minimum balance (\$100.00) or a reasonable monthly fee, earns interest, first/all free check orders, insurance/discount benefits).

The Bank’s “Woronoco Checking” and its “Woronoco Statement or Passbook Savings” meet the guidelines of the MCBC’s (Massachusetts Community and Banking Council’s) Basic Banking for Massachusetts Program. Both of these accounts require no minimum balance or monthly fee. “Woronoco Checking” offers no limit on the number of checks written. All of the Bank’s checking accounts offer free and unlimited ATM or debit card access. Likewise, all statement savings accounts provide free and unlimited ATM access.

The Bank is a member of the SUM network of surcharge free ATMs. There are no fees assessed customers of other SUM member banks. However, the Bank has four freestanding ATMs that are not included in the SUM network. Two of these ATMs, located in the Holyoke Mall and the Westfield State College campus, are cash dispensing machines only.

Other Retail Services and Alternative Delivery System(s) (continued)

The Bank provides free telephone and online banking to all account customers. The Access24, automated telephone system, provides 24 hour, 7 days a week, account information and access. Access24 allows customers to check current balance and transaction information, transfer funds between accounts, make loan payments, and check a loan payment status. The Bank's online/internet banking, "Woronoco Online Link" provides 24 hour 7 days a week account access and information similar to the Access24, and offers online bill paying service. However, the additional feature of the "Online Link" bill paying service carries a monthly fee of \$4.95, unless a "Relationship" checking account has been established.

The Bank continues to participate in the Massachusetts Interest on Lawyers Trust Accounts (IOLTA) Committee program. In 2002 and 2003, the Bank remitted a total of \$27,737 to the IOLTA program. IOLTA utilizes these funds, the interest earned on funds held by attorneys, to support legal service agencies serving low-income individuals and families.

COMMUNITY DEVELOPMENT SERVICES

Community development services are evaluated based on the extent to which the institution provides community development services and the innovativeness and responsiveness of the services provided.

The Bank's officers and staff members provide financial or technical expertise to several organizations, involved in either economic development, initiatives to revitalize low- and moderate-income census tracts, affordable housing or, human services target to low- and moderate-income individuals. Overall, the Bank's qualified services, as detailed below, demonstrate a good level of community development services.

Westfield Community Development Corporation (CDC): This non-profit agency's mission encompasses economic, neighborhood and affordable housing initiatives. A senior lending officer continues to serve this organization as a board member. Bank staff prequalifies potential homebuyers for an affordable housing initiative undertaken by the CDC. (See also Community Development Lending)

Federal Home Loan Bank (FHLB) – Affordable Housing Program (AHP) provides grant monies and/or low interest rate subsidized loans to qualified housing projects. These funds are granted through FHLB member institutions submitting grant/project proposal(s) on behalf of the community organization.

In 2003, two of the Bank's commercial loan officers submitted proposals that were approved by FHLB's Affordable Housing Program. A local non-profit received an AHP grant to build three homes for qualified low-income families/homebuyers. A regional human service organization received a combination grant and subsidized loan to help build a homeless shelter.

COMMUNITY DEVELOPMENT SERVICES (continued)

United Way of the Pioneer Valley raises funds to support the direct service programs, provided by its fifty-five member agencies located throughout Hampden County. United Way agencies predominantly serve at-risk and low-income children, youth, families and elders. Two of the Bank's officers assist this agency in the allocation of funds among the member service organizations. A third officer serves as an account solicitor by bringing in new employment based donors to the United Way.

Greater Westfield Habitat for Humanity is a non-profit community group, whose mission is to build homes, which are then sold to low-income families. Greater Westfield Habitat serves the communities of Westfield and the adjoining towns of Chester, Blandford, Montgomery, Tolland, and Granville. A Bank staff member serves as a board member and secretary for this Habitat chapter.

Chambers of Commerce of Westfield, East Longmeadow and Springfield are business service organizations that support and promote small businesses in a variety of ways. A Bank branch officer serves as a board member of the East Longmeadow Chamber, while a senior Bank officer is a director of the Westfield Chamber. Lastly, an officer served on the legislative committee for the Springfield Chamber of Commerce in 2003.

Young Women's Christian Association (YWCA) of Western Massachusetts, a non-profit corporation, whose mission is to improve and enhance the lives of women in the community, the workplace and in the home. The YWCA is an active provider of social services, meeting childcare, educational and other needs of women and their children. A senior officer of the Bank serves as a board member and on various board committees of this important organization.

The Bank's staff and officers continue to provide their expertise to many organizations whose missions, as defined by the CRA regulation, primarily fulfill a community development purpose, including affordable housing, economic development and/or stabilization/revitalization of low- and moderate-income neighborhoods and social services targeted to low- and moderate-income people.

Other organizations to which Bank staff provide quality community development services include: Boys and Girls Clubs of Westfield and Ludlow; The American Red Cross (Westfield Chapter); The Highland Valley Eldercare Services, Inc.; The Salvation Army; and The YMCA of Springfield.

Educational Services and Seminars

The CRA regulation considers credit and other financial education services as a community development service. The following are qualified services under the provisions of the CRA regulation.

The Bank offers a School Savings Program in the following elementary schools: Munger School; Abner Gibbs and St. Mary's (Westfield); Veterans Park and St. John the Baptist (Ludlow); and James Clarke (Agawam). A student account can be opened for a minimum deposit of 25 cents, and there is no minimum balance to earn interest. The school savings program, offered to all grades from Kindergarten to 5th, encourages children to open a savings account, and to form the habit of saving regularly.

In early 2002, the Bank co-sponsored, in conjunction with the Westfield Council on Aging and the Home Options for Massachusetts Elders (H.O.M.E.) program, a seminar for seniors entitled "Successful Aging in Place." H.O.M.E. is a non-profit statewide organization, which assist senior citizens in need with financial and budgetary counseling. If necessary, H.O.M.E. will refer clients to a participating lender for a reverse mortgage.

During the evaluation period, Bank staff members gave numerous presentations on personal financial management to students at an area middle school and four high schools. In 2003, the Bank conducted a financial literacy program, which was geared toward low-income residents transitioning to independent living. In 2003, the Bank was designated a member of the Federal Deposit Insurance Corporation's (FDIC) Money Smart Alliance in recognition of these educational efforts. The FDIC's "Money Smart Program" is an education program with various teaching modules that deal with understanding and using banking and credit services. Using the "Money Smart Program, the Bank's staff can tailor presentations to meet the needs of the group being addressed.

In 2002, the Bank sponsored two first-time homebuyer training series. The series were in conjunction with the Hampden Hampshire Housing Partnership (HAP), a non-profit regional housing authority. The training was completed by 24 registered participants. In 2003, the Bank sponsored another training seminar, which was completed by 26 registered participants. These training series, which are certified by MassHousing, provide a transferable "First Time Homebuyer's Certificate" to all participants who successfully complete the course. Training was held at the Westfield Athenaeum, which is located in Downtown Westfield; however, the participants came from communities throughout Hampden County.

The Bank also sponsored and presented two one-evening first-time homebuyer seminars, which were held at a Holiday Inn in Holyoke. These seminars provided the expertise of local professionals such as, an appraiser, closing attorney, realtor and mortgage officer. Discussions covered the various aspects of the home purchasing process.

Educational Services and Seminars (continued)

Also in 2003, the Bank's mortgage originators served as presenters at two "Homebuyer Education Workshops." These workshops were sponsored by the City of Springfield and were designed to promote homeownership within Springfield. These workshops emphasized assisting low- and moderate-income first home purchasers. Furthermore, in 2003, a mortgage loan originator served as presenter for a first time homebuyer seminar, which was sponsored by the Westfield Community Development Corporation (CDC). These educational efforts are also targeted to low- and moderate-income individuals.

In 2003, a commercial loan officer offered two different presentations on small business lending. The first presentation was geared to women business owners and addressed the criteria needed to qualify for commercial loans. This presentation was given at a Service Core of Retired Executives (SCORE) sponsored event. The second presentation was given for the Southwick Association of Businesses and dealt with commercial lending products and services.

Conclusion - Service Test

The Bank's performance under the service test is considered to be "High Satisfactory." Overall, the Bank's retail service delivery systems are considered reasonably accessible to geographies and individuals of different income levels within its assessment area. As noted above, the Bank demonstrates a good performance in providing community development services and credit education services. Its officers and staff provide a reasonably high level of qualified services to a number of area organizations.

APPENDIX A

SCOPE OF EXAMINATION

Woronoco Savings Bank
SCOPE OF EXAMINATION: The examination included an on-site analysis of all HMDA, Consumer and CRA reported loans for the period noted below. Residential aggregate loan data was reviewed during the examination and included comparative loan data of competing institutions. WORONOCO SAVINGS BANK has one assessment area, which was reviewed using the large bank examination procedures.
TIME PERIOD REVIEWED: January 1, 2002– December 31, 2003
PRODUCTS REVIEWED: HMDA-reportable Loans, Consumer Installment Loans and Small Business Loans

APPENDIX B

FFIEC Core Tables

[Dates From January 1, 2002– To December 31, 2003]

The FFIEC has adopted a standard set of data tables, sequentially numbered 1-15, for use in every large bank CRA Public Evaluation. Any tables not included in the Public Evaluation were excluded because the institution has not originated or purchased any loans in the relevant category during the period under review.

LENDING ACTIVITY

Table 1	Lending Volume
Table 1	Other Products
Table 2a	Geographic Distribution of Home Purchase Loans
Table 3a	Geographic Distribution of Home Improvement Loans
Table 4a	Geographic Distribution of Home Mortgage Refinance Loans
Table 5a	Geographic Distribution of Multifamily Loans
Table 6a	Geographic Distribution of Small Loans to Businesses
Table 8a	Borrower Distribution of Home Purchase Loans
Table 9a	Borrower Distribution of Home Improvement Loans
Table 10a	Borrower Distribution of Home Mortgage Refinance Loans
Table 11a	Borrower Distribution of Small Loans to Businesses
Table 13	Geographic and Borrower Distribution of Consumer Loans

INVESTMENTS AND BRANCHES

Table 14	Qualified Investments
Table 15	Distribution of Branch Delivery System and Branch Openings/Closings

Table 1. Lending Volume

LENDING VOLUME													Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003			
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***								
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)									
Full Review:																				
Woronoco Savings Bank-2002	100.00	913	111,637	82	10,673	0	0	3	3,737	998	126,047	100.00								
Woronoco Savings Bank-2003	100.00	861	104,744	82	6,884	0	0	2	2,750	945	114,378	100.00								

* Loan Data as of December 31, 2003. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From January 01, 2002 to December 31, 2003.

*** Deposit Data as of December 31, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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*Institution I***Table 1. Other Products**

LENDING VOLUME															Geography: WORONOCO SAVINGS						Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003					
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***												
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)													
Full Review:																										
Woronoco Savings Bank-2002	100.00	833	4,475	0	0	0	0	252	2,847	0	0	0	0	100.00												
Woronoco Savings Bank-2003	100.00	712	4,633	0	0	0	0	265	3,309	0	0	0	0	100.00												

* Loan Data as of December 31, 2003. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From January 01, 2002 to December 31, 2003.

*** Deposit Data as of December 31, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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Table 1. Other Products

LENDING VOLUME		Geography: WORONOCO SAVINGS		Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003	
MA/Assessment Area (2003):	Other Unsecured Consumer Loans *		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Woronoco Savings Bank - 2002	581	1,628	0	0	
Woronoco Savings Bank – 2003	447	1,324	0	0	

^{*} The evaluation period for Optional Product Line(s) is From January 01, 2002 to December 31, 2003.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: WORONOCO SAVINGS					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	306	100.00	2.03	0.33	7.18	4.25	61.70	64.70	29.09	30.72	4.05	9.92	61.82	24.18
Woronoco Savings Bank-2003	209	100.00	3.47	1.44	14.29	13.40	50.36	52.63	31.88	32.54	0.00	0.00	0.00	0.00

* Based on Peer Data is not available.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	18	100.00	2.03	11.11	7.18	0.00	61.70	50.00	29.09	38.89	2.58	8.64	58.89	29.79
Woronoco Savings Bank-2003	6	100.00	3.47	0.00	14.29	16.67	50.36	66.67	31.88	16.67	0.00	0.00	0.00	0.00

* Based on Peer Data is not available.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	571	100.00	2.03	0.18	7.18	3.50	61.70	57.09	29.09	39.23	1.75	5.34	55.56	37.32
Woronoco Savings Bank-2003	634	100.00	3.47	0.47	14.29	5.36	50.36	46.69	31.88	47.48	0.00	0.00	0.00	0.00

* Based on Peer Data is not available.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	18	100.00	30.36	22.22	18.10	27.78	44.90	38.89	6.63	11.11	28.24	22.35	47.06	2.35
Woronoco Savings Bank-2003	12	100.00	35.88	0.00	25.59	66.67	29.98	25.00	8.55	8.33	0.00	0.00	0.00	0.00

* Based on Peer Data is not available.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: WORONOCO SAVINGS						Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income [*]			
	#	% of Total ^{**}	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	% of Businesses ^{***}	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	82	100.00	9.59	2.44	18.87	14.63	48.56	53.66	22.14	29.27	8.89	16.01	48.64	25.49
Woronoco Savings Bank-2003	82	100.00	18.73	3.66	21.58	18.29	35.66	45.12	24.02	32.93	0.00	0.00	0.00	0.00

* Based on Aggregate Small Business Data Only.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2003).

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Institution ID:

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [*]			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{***}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	306	100.00	21.86	6.21	16.43	19.61	24.04	30.39	37.67	41.83	4.84	22.61	26.23	35.28
Woronoco Savings Bank-2003	209	100.00	23.41	5.80	17.14	29.95	21.26	31.88	38.18	32.37	0.00	0.00	0.00	0.00

^{*} Based on Peer Data is not available.

^{**} As a percentage of loans with borrower income information available. No information was available for 0.96% of loans originated and purchased by BANK.

^{***} Percentage of Families is based on the 1990 Census information.

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [*]			
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp
Full Review:														
Woronoco Savings Bank-2002	18	100.00	21.86	16.66	16.43	16.66	24.04	27.78	37.67	38.90	7.15	15.59	22.44	42.20
Woronoco Savings Bank-2003	6	100.00	23.41	0.00	17.14	33.33	21.26	16.67	38.18	50.00	0.00	0.00	0.00	0.00

* Based on Peer Data is not available.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE Geography: WORONOCO SAVINGS Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003														
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *			
	#	% of Total **	% Families ***	%BANK Loans ****	% Families***	%BANK Loans****	% Families***	%BANK Loans****	% Families***	%BANK Loans****	Low	Mod	Mid	Upper
Full Review:														
Woronoco Savings Bank-2002	571	100.00	21.86	4.38	16.43	13.66	24.04	29.77	37.67	51.66	3.53	13.36	24.44	46.28
Woronoco Savings Bank-2003	634	100.00	23.41	5.59	17.14	17.41	21.26	28.91	38.18	48.08	0.00	0.00	0.00	0.00

* Based on Peer Data is not available.

** As a percentage of loans with borrower income information available. No information was available for 1.26% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: WORONOCO SAVINGS		Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data *	
	#	% of Total **	% of Businesses ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Woronoco Savings Bank – 2002	82	100.00	75.19	62.20	67.07	18.29	14.63	9,859	3,149
Woronoco Savings Bank – 2003	82	100.00	63.85	67.07	79.27	14.63	6.10	0	0

* Based on Aggregate Small Business Data Only.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 13.41% of small loans to businesses originated and purchased by the bank.

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Institution ID:

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS Geography: WORONOCO SAVINGS Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans
Full Review:																		
WoronocoSavingsBank-2002	833	100.00	10.21	0.72	12.57	5.64	56.95	64.23	20.27	29.41	26.04	12.84	14.49	20.64	19.17	28.57	40.30	33.13
WoronocoSavingsBank-2003	712	100.00	12.10	0.84	21.17	7.44	43.83	49.72	22.91	41.99	26.06	19.08	15.57	24.89	17.73	26.53	40.64	29.51

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of Households is based on the 1990 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: WORONOCO SAVINGS				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2003			
MA/Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Woronoco Savings Bank-2002	0	0	0	0	0	0	0	0	0
Woronoco Savings Bank-2003	0	0	0	0	0	0	0	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Woronoco 2000 Census

Demographic Information for Full Scope Area: Woronoco 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	93	18.28	19.35	39.78	22.58	0.00
Population by Geography	456,604	12.55	20.92	41.81	24.71	0.00
Owner-Occupied Housing by Geography	108,777	3.47	14.29	50.36	31.88	0.00
Business by Geography	22,842	18.73	21.58	35.66	24.02	0.00
Farms by Geography	518	2.32	10.23	43.44	44.02	0.00
Family Distribution by Income Level	116,347	23.41	17.14	21.26	38.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	47,182	20.90	27.70	38.39	13.01	0.00
Median Family Income HUD Adjusted Median Family Income for 2003 Households Below Poverty Level	50,930 56,800 13.96%	Median Housing Value Unemployment Rate (1990 US Census)		111,175 2.75%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2003 HUD updated MFI

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

WORONOCO SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **February 23, 2004**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

A majority of the Board of Directors

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.